



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
Jim Nussle, *Chairman*

309 Cannon House Office Building
Washington, DC 20515 • (202) 226-7270
Rich Meade, *Chief of Staff* • www.budget.house.gov

Volume 4, No. 13

14 September 2004

TRANSPORTATION-TREASURY APPROPRIATIONS BILL FOR FISCAL YEAR 2005 – H.R. 5025

SUMMARY

The Transportation-Treasury appropriations bill reported to the House on 8 September 2004 (H.R. 5025; H.Rept. 108-671) provides new budget authority \$1 million below the 302(b) suballocation for the Transportation-Treasury subcommittee. The bill is consistent with the appropriate levels in the budget resolution for fiscal year 2005 (S.Con.Res. 95, as applied in the House of Representatives

by H.Res. 649, 108th Congress). Therefore it is consistent with the budget resolution for fiscal year 2005. Nevertheless, should points of order be sustained against any rescissions contained in the bill (see below), the bill would exceed its allocation. The overage could be eliminated through subsequent points of order or amendments that reduce appropriations elsewhere in the bill.

COST OF THE LEGISLATION

H.R. 5025 provides \$25.319 billion in new budget authority [BA] and \$68.992 billion in outlays for fiscal year 2005 – a reduction of \$3.063 billion in BA and an increase of \$484 million in outlays from fiscal year 2004 (see Table 1 on the next page). Outlays continue to increase, despite a reduction in appropriations of new BA, because outlays are still flowing from the significant increases in transportation spending that have occurred over the past several years. The bill provides \$389 million less BA than was requested by the President in his budget.

Table 1 also shows that outlays in this bill are several times larger than budget authority. This outcome, which would be highly unusual in any other spending bill, is common in measures involving transportation spending. Budget authority for certain highway and transit programs – principally the Federal-aid highways programs – “spends out” slowly, meaning it takes several years for the spending authority to translate into actual outlays. Consequently, each year’s outlays include large amounts resulting from budget authority provided in previous years.

The lengthy spendout for highway and transit programs also requires a special mechanism for constraining new budget authority on a year-by-year basis. Highway and transit BA typically authorizes capital spending that runs over several years. It is classified as mandatory spending, similar to most entitlement programs, but is constrained by annually applied measures called “obligation limitations.”

This bill contains obligations limitations totaling \$41.445 billion for spending from the Highway Trust Fund, of which \$35.398 billion is for the Federal-aid highways program, and \$6.047 is for transit programs. The total is \$241 million above the amount envisioned by the budget resolution; but there is no procedural prohibition for exceeding this limit. The bill also establishes an obligation limitation of \$3.993 billion for the Federal Aviation Administration (although the budget resolution does not establish such a limit for spending from the Airport-Airway trust fund).

The bill does not contain emergency-designated new BA. It does include \$1.199 billion worth of rescissions of

(continued on next page)

previously enacted BA, with \$17 million in related outlays. As noted above, should points of order be sustained against these rescissions, the bill would exceed its allocation. The overage could be eliminated through subsequent points of

order or amendments that reduce appropriations elsewhere in the bill. The bill provides an advance appropriation of \$62 million in budget authority for fiscal year 2006, which is discussed in more detail below.

Table 1: Transportation-Treasury Appropriations Bill
(fiscal years; millions of dollars)

	2004 Spending	Administration 2005	302 (b) for 2005	Bill
Budget Authority	28,382	25,708	25,320	25,319
Outlays	68,508	69,632	68,993	68,992

COMPLIANCE WITH THE BUDGET RESOLUTION

The bill complies with sections 302(f) and 311(a) of the Budget Act. The first of these prohibits consideration of bills that exceed a subcommittee's 302(b) suballocation of new budget authority. The second prohibits consideration of legislation that exceeds the aggregate levels of BA and outlays established in the budget resolution. The bill does violate section 306 of the Budget Act because it imposes budget-related reporting requirements on Amtrak which are within the jurisdiction of the Budget Committee.

The \$25.319 billion in new discretionary BA is \$1 million below the suballocation for the Subcommittee on Transportation, Treasury, and Independent Agencies; outlays are also \$1 million below the allocation. Because only one appropriations bill for fiscal year 2005 has been

enacted, there is ample room under the budget authority ceiling and hence the bill would not violate section 311(a).

The bill provides \$62 million in fiscal year 2006 BA for the Postal Service. (This was requested by the administration for free mail for the blind and overseas voters.) Under the budget resolution, budget authority provided for fiscal year 2006 – advance appropriations – is limited to a total of \$23.158 billion for fiscal year 2006 and only certain accounts, listed in the resolution's statement of managers, are eligible for advance appropriations. The Postal Service was listed among accounts eligible to receive advance appropriations. Because no advance appropriations have yet been enacted, the amount in the bill does not breach the limit; hence, this bill does not violate the budget resolution.

DISCUSSION

The bill provides a net \$3.063 billion lower discretionary BA than was available in 2004 (see Table 2, next page). Reductions in spending, compared with 2004, are found in the following programs:

- *Election Reform, \$1.476 billion:* Spending declines from \$1.543 billion in 2004 to \$67 million in 2005 because of one-time 2004 funding for election reform programs.
- *Federal Highway Administration, \$564 million:* BA declines due to a rescission of contract authority for Federal-aid highways (\$386 million), the Appalachian development highway system (\$124 million) and miscellaneous highway trust funds (\$54 million).
- *Federal Aviation Administration, \$435 million:* A spending increase for Operations (\$247 million) is

offset by decreases in facilities and equipment (\$363 million), grant-in-aid to airports (\$267 million), the aviation insurance revolving fund (\$50 million), and research and development (\$2 million).

- *Federal Railroad Administration, \$402 million:* Spending declines by a net \$402-million due to reductions in Amtrak (\$318 million), Penn Station redevelopment (\$40 million), high-speed rail research (\$26 million), Alaska railroad development (\$25 million), and railroad research and development (\$1 million). These reductions are partially offset by an increase in safety and operations (\$8 million).
- *Federal Transit Administration, \$250 million:* Transit spending declines largely due to a reduction in capital investment grants (\$351 million). The reduction is partly offset by increases in formula grants (\$55

(continued on next page)

million), job access and reverse commute grants (\$45 million) and administrative costs (\$1 million).

- *Other, \$212 million:* The reduction in other spending includes allowances (\$152 million), Federal Drug Control Programs (\$53 million), the US Postal Service (\$23 million) and other programs (\$6 million). These

reductions are partially offset by spending increases for the General Services Administration (\$21 million) and the U.S. Tax Court (\$1 million) compared with fiscal year 2004.

- *Executive Office of the President, \$1 million:* The office is reduced by this amount compared with 2004.

Table 2: Discretionary Spending in the Transportation-Treasury Appropriations Bill
(in millions of dollars)

	2004 Budget Authority	2004 Outlays	2005 Budget Authority	2005 Outlays	Difference BA	Difference Outlays
Transportation						
Federal Aviation Administration	10,463	13,269	10,028	13,765	-435	496
Federal Highway Administration	178	29,792	-386	31,156	-564	1,364
Federal Transit Administration	1,453	7,859	1,203	8,421	-250	562
Federal Motor Carrier Safety Administration	0	330	0	430	0	100
National Highway Traffic Safety Admin ..	4	447	130	467	126	20
Federal Railroad Administration	1,444	1,491	1,042	1,129	-402	-362
Other Transportation	528	512	547	590	19	78
Treasury						
Internal Revenue Service	10,185	10,064	10,293	10,363	108	299
Other Treasury Department	918	996	931	942	13	-54
Other						
Executive Office of the President	288	280	287	292	-1	12
Office of Personnel Management	272	260	283	278	11	18
Election Reform	1,543	2,224	67	215	-1,476	-2,009
Other	1,106	984	894	944	-212	-40
Total	28,382	68,508	25,319	68,992	-3,063	484

The reductions are offset by these increases relative to 2004:

- *Internal Revenue Service [IRS], \$108 million:* Spending increases include processing, assistance and management (\$63 million), tax law enforcement (\$108 million), and information systems (\$40 million). These increases are partly offset by a reduction in business system modernization (\$103 million).
- *Other Treasury, \$13 million:* Spending increases included are for the Financial Crimes Enforcement Network (\$8 million), Financial Management Services (\$4 million), Alcohol Tobacco Tax and Trade (\$3 million) and the Bureau of Public Debt (\$1 million), partially offset by a \$3-million decrease in Departmental Offices.

- *National Highway Traffic Safety Administration and Other Transportation, \$145 million:* Spending increases are included for the National Highway Traffic Safety Administration (\$126 million), Office of the Secretary (\$3 million), the Inspector General (\$3 million), the Research and Special Programs Administration (\$3 million), and other activities (\$10 million).
- *Office of Personnel Management, \$11 million:* Spending increases included the Human Capital Performance Fund (\$12 million) and other programs (\$5 million) partially offset by a \$6-million decrease to Civil Service retirement funds.

The bill provides \$389 million less than the President's request, when all increases and reductions are taken into

(continued on next page)

account. Increases relative to the request are provided for the following:

- *Rejected Offsets, \$1.480 billion:* The bill does not contain the administration's request to repeal the distribution of duties assessed pursuant to countervailing, or "anti-dumping," duty orders to affected domestic producers. This proposed change in a mandatory program – which can provide savings that offset discretionary spending – was estimated to save \$1.45 billion. The same proposal was rejected during the 2004 appropriations process.

The bill also does not include an administration proposal to impose fees for services provided by the Federal Aviation Administration to aircraft that neither take off nor land in the United States (known as overflight fees) to fund the Essential Air Service program. This fee was estimated to save \$30 million.

Those increases relative to the President's request are offset by reductions in the following:

- *Federal Aviation Administration, \$438 million:* The bill provides reduced funding for grant-in-aid for airports (\$265 million), operations (\$123 million), and the aviation insurance revolving fund (\$50 million).
- *Internal Revenue Service, \$381 million:* Spending reductions include tax law enforcement (\$285 million), processing assistance and management (\$76 million), and information systems (\$20 million).
- *Office of Personnel Management, \$296 million:* The bill provides \$13 million of the \$300 million requested by

the President for the human capital performance fund as well as \$9-million in decrease in other areas.

- *Other, \$330 million:* Reductions include Office of the Transportation Secretary (\$172 million), the Federal Railroad Administration (\$46 million), the Federal Election and Election Assistance Committees (\$35 million), the National Highway Traffic Safety Administration (\$9 million), the Transportation Research and Special Programs Administration (\$8 million), allowances (\$5 million), and other programs (\$55 million).
- *General Services Administration, \$217 million:* The bill provides less funding than requested by the President largely due to reduced funds for new construction (\$128 million), major renovation projects (\$49 million) and the E-Government Fund (\$40 million).
- *Federal Transit Administration, \$111 million:* Spending is \$111 million less than requested by the President.
- *Federal Highway Administration, \$86 million:* The bill provides \$86 million less than requested by the President for Federal-aid highways.
- *Executive Office of the President, \$5 million:* The bill provides \$5 million less in funding than requested by the President.
- *Other Treasury, \$5 million:* The bill includes a reduction of \$6-million for departmental offices as compared with the President's budget request, partially offset by a \$1-million increase in Alcohol Tobacco Tax and Trade.

CHANGES IN MANDATORY PROGRAMS

The bill contains changes to mandatory programs – programs not subject to annual appropriations – worth \$848 million in BA and \$197 million in outlays.

Federal Aviation Administration. The first change in this agency is a \$758 million rescission of fiscal year 2004 and 2005 pop-up authority for grant-in-aid to airports partially offset by a \$493 million increase in fiscal year 2005 pop-up authority for this program. The second is an increase in receipts to the Aviation Insurance Revolving Fund from

continuation of the war risk insurance program, providing \$50 million in BA and outlay savings.

Federal Highway Administration. The bill includes a \$386 million rescission of contract authority to the Federal Aid to Highways program.

Allowances. The bill also includes \$147 million in BA and outlay savings associated with three debt collection initiatives.

(continued on next page)

OTHER BUDGET RELATED ISSUES

Prohibitions on Office of Management and Budget

For the third year, the bill prohibits using funds appropriated in the bill to pay the salary or expenses of any employee of the Office of Management and Budget [OMB] who

calculates, prepares, or approves any material that proposes the suballocation of budget authority or outlays by the Appropriations Committee among its subcommittees after the submission of the President’s budget. The administration has objected to such language in prior years.

Prepared by **Tiffany Blair, Bret Coulson, Budget Analysts**
Daniel J. Kowalski, Director of Budget Review